



STATE OF HAWAII
DIVISION OF FINANCIAL INSTITUTIONS
DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 221
P.O. BOX 2054
HONOLULU, HAWAII 96805

**Irrevocable Letter of Credit - Terms and Conditions
for Money Transmitters**
(This signed and notarized document must accompany the irrevocable L/C)

Pursuant to the Money Transmitters Act, Section 489D-7, Hawaii Revised Statutes ("HRS"), in lieu of a surety bond, an application for a money transmitters license may be accompanied by an irrevocable letter of credit ("L/C") or other similar security device acceptable to the Commissioner of Financial Institutions ("Commissioner") in the amount of \$1,000. The Commissioner may increase the amount of the bond or security device to a maximum of \$500,000 upon the basis of the impaired financial condition of a licensee, as evidenced by a reduction in net worth, financial losses, or other relevant criteria. An irrevocable L/C may be submitted in lieu of a surety bond, if it contains the following provisions:

- The stated beneficiary is the Commissioner.
- The amount shall be for \$1,000 US dollars (unless otherwise noted).
- It allows for partial drawings.
- The issuer is a state or federally chartered bank, savings bank, or savings and loan association located in the State of Hawaii.
- Payment is upon demand or presentation.
- It shall automatically renew, without a written amendment, for an additional period of one year from the present or each future expiration date, unless the issuer notifies the Commissioner in writing by certified or registered mail or other similarly expeditious receipted service at the above address, at least thirty (30) days prior to any expiration date, that the irrevocable L/C will not be renewed.

The irrevocable L/C shall run to the State of Hawaii for the benefit of any claimants against the licensee to secure the faithful performance of the obligations of the licensee relating to the receipt, handling, transmission, and payment of money in connection with the sale and issuance of payment instruments or transmission of money. Claimants against the licensee may bring suit directly on the security device or the Commissioner may bring suit on behalf of claimants, either in one action or in successive actions.

The conditions of this obligation are such that if said licensee shall fully and faithfully comply with all provisions of Chapter 489D, HRS, and with such valid rules and regulations as may be promulgated by the Commissioner pursuant to the provisions of Chapter 489D, HRS, then this obligation shall be void; otherwise, this obligation shall be and remain in full force and effect.

As provided in Section 489D-7(f), HRS, in the event the licensee ceases money transmission operations in the State of Hawaii, the Commissioner may draw upon the irrevocable L/C and hold such funds for no longer than five years. The Commissioner may permit the held funds to be reduced or eliminated prior to that time to the extent that the amount of the licensee's payment instruments outstanding in the State of Hawaii are reduced.

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**Irrevocable Letter of Credit - Terms and Conditions
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Continued

Acknowledgement Agreement

Name of Money Transmitter (Licensee): _____

By (print name): _____ Title (print): _____

I hereby acknowledge by my signature that I have the authority to act on behalf of the named money transmitter and that I have read and agree with the aforementioned terms and conditions for submitting an irrevocable L/C in lieu of a surety bond.

Signature: _____ Date: _____

_____)
_____) SS.
_____)

On this ____ day of _____ 20____, before me appeared _____, to me personally known, who being by me duly sworn, did say that he (she) is the _____ of _____ and that he (she) has the authority to execute this agreement.

NOTARY PUBLIC

My Commission expires _____